

Message Text

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ACTION NEA-10

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TAGS: EINV, KU, US

SUBJ: KUWAITI REACTION TO KIAWAH DISPUTE

BEGIN UNCLASSIFIED

1. ALTHOUGH DISPUTE AND COURT ACTION BETWEEN KUWAIT INVESTMENT
COMPANY SUBSIDIARY AND SEA PINES OVER KIAWAH ISLAND RESORT DEVELOPMENT

CONTRACT BECAME PUBLIC IN US IN EARLY APRIL, STORY DID NOT BREAK
HERE UNTIL LAST WEEK. FEW DAYS BEFORE ARRIVAL OF SOUTH CAROLINA
TRADE MISSION. SINCE THEN STORY HAS RECEIVED EXTENSIVE, GENERALLY
FACTUAL COVERAGE IN LOCAL PRESS.

2. FIRST GOK PUBLIC COMMENT ON MATTER WAS STATEMENT BY UNDER-
SECRETARY OF FINANCE SHAIKH ALI KHALIFA AL-SABAH WHICH WAS REPORTED
MAY 5 IN KUWAIT TIMES. ACCORDING THIS REPORT UNDERSECRETARY SAID
GOK WILL NOT RPT NOT INTERVENE IN KIAWAH ROW. HE SAID IT IS NOT
RPT NOT GOK POLICY TO INTERVENE WHEN EVER DISPUTES ARISE BETWEEN
KUWAIT COMPAINES AND OTHER COMPANIES ABROAD. ALI KHALIFA ADMITTED
GOK AWARE OF KIAWAH DISPUTE BUT HE SAID GOK HAS NO PLANS TO PLAY
ANY ROLE ITSELF IN MATTER. HE TERMED DISPUTE AN ORDINARY MATTER
TYPICAL OF DISPUTES THAT ARISE BETWEEN TOW COMPANIES DOING
BUSINESS WITH EACH OTHER. HE ALSO DISCOUNTED SUGGESTION THAT GOK
GAIN MAJORITY CONTROL OF KIC (IT OWNS 50 PERCENT NOW) SO THAT
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IT CAN HAVE A DECISIVE SAY WHEN SUCH DISPUTES WITH POTENTIAL

FOREIGN POLICY IMPLICATIONS ARISE.

3. IN OTHER KIAWAH-RELATED LOCAL DEVELOPMENTS. FORMER SOUTH CAROLINA GOVERNOR JOHN WEST, WHO LED TRADE MISSION HERE (SEPTTEL) HELD PRESS CONFERENCE MAY 3. WHILE CAREFULLY AVOIDING MAKING ANY PREJUDICIAL COMMENTS, GOVERNOR WEST MADE IT CLEAR THAT SOUTH CAROLINA CONTINUES TO WELCOME ARAB AND PARTICULARLY KUWAIT INVESTMENT AND THAT SOUTH CAROLINIANS IN GENERAL HOLD NO SPECIAL ANIMOSITY TOWARD KUWAITIS OVER KIAWAH DISPUTE. INTERESTING TO NOTE THAT KUWAIT TIMES REPORT OF GOVERNOR WEST'S PRESS CONFERENCE PLACED NEXT TO STORY DATED IN CHARLESTON IN WHICH KIC BOARD MEMBER MOHAMAD QATAMI WAS QUOTED AS SAYING THAT KIC PREPARED INVEST ADDITIONAL AMOUNTS IN US IF KIAWAH AND ATLANTA HILTON PROJECTS TURN OUT TO BE SUCCESSFUL.
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4. COMMENT: ALI KHALIFA STATEMENT IS WELCOME SINCE IT INDICATES GOK HAS NO INTENTION OF POLITICIZING KIAWAH DISPUTE. UNTIL NOW WE HAVE NOT HEARD ANY PARTICULAR COMPLAINTS FROM KUWAITIS OTHER THAN COMMERCIAL ONES WHICH GAVE RISE TO SUIT IN FIRST PLACE. UP TO NOW AT LEAST KIAWAH DISPUTE IS SEEN FROM HERE AS A NON-POLITICAL, COMMERCIAL DISPUTE AND AS SUCH IS DIFFERENT FROM EARLIER CHALLENGE TO KUWAITI INVESTMENT ON KIAWAH ISLAND INCLUDING ENVIRONMENTALISTS' COMPLAINTS WHICH WERE SEEN AS POLITICALLY INSPIRED AND ESSENTIALLY ANTI-ARAB. AS NOTED ABOVE STORY BROKE HERE JUST BEFORE ARRIVAL OF SOUTH CAROLINA TRADE MISSION, AND GOVERNOR WEST EXPRESSED SOME INITIAL CONCERN OVER POSSIBLE KUWAITI DISPLEASURE RESULTING FROM SEA PINES COURT CASE. HOWEVER SOUTH CAROLINIANS WERE WELL RECEIVED, AND KIC HOSTED A RECEPTION WHICH WAS WELL ATTENDED, INCLUDING BY SENIOR MINISTRY OF FINANCE OFFICIAL WHO RARELY ATTENDS SUCH FUNCTIONS. ACTIONS AND REMARKS BY KIC AND UNDERSECRETARY OF FINANCE INDICATE STRONG DESIRE BY KUWAITIS TO DOWNPLAY KIAWAH DISPUTE, AT LEAST AS POLITICAL EVENT, AND WE HOPE THIS WILL BE THE CASE IN US AS WELL.
MAU

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